

Message Text

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PAGE 01 CAIRO 08231 161550Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----170203Z 020517 /66

R 161452Z MAY 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 5100
INFO AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
USINT BAGHDAD

C O N F I D E N T I A L CAIRO 8231

EXDIS

E.O. 11652: GDS
TAGS: ETRD, EINV, EG, US
SUBJECT: ARAB BOYCOTT: COCA COLA

REF: (A) CAIRO 6377, (B) AYOUB-KENNEDY MEMCON 1/21/77

1. AMBASSADOR WAS VISITED MAY 16 BY COKE VP AYOUB WHO REPORTED
ON STATUS OF COMPANY'S PROJECT AND HIS DISCUSSIONS WITH EGYPTIANS.

2. AYOUB SAID HE HAD CALLED ON EGYPTIAN BOYCOTT OFFICIALS IN
ALEXANDRIA TO PRESENT MATERIALS THAT HAD BEEN REQUESTED (REFTEL).
HE HAD PROVIDED INFORMATION ON COMPANY OPERATIONS WORLDWIDE,
INCLUDING COPIES OF STATEMENTS FILED WITH SECURITIES AND EXCHANGE
COMMISSION IN U.S. COVERING SALARIES AND FINANCIAL STATUS, ETC.,
AND ALSO COPIES OF STANDARD FRANCHISE AND CONTRACT. DOCUMENTS
HAD BEEN DISCUSSED WITH USDOC AND DEPARTMENT IN ORDER TO INSURE
THAT COKE'S ACTION WAS NOT IN VIOLATION OF EXISTING OR PROPOSED
ANTI-BOYCOTT LEGISLATION. DOCUMENTS HAD BEEN NOTARIZED AND
AUTHENTICATED IN KEEPING WITH INSTRUCTIONS FROM BOYCOTT
OFFICIALS.

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3. LATTER, ACCORDING TO AYOUB, EXPRESSED THEIR CONTINUED
WILLINGNESS TO GET COMPANY REMOVED FROM BLACKLIST. GENERAL
(RETIRED) AMIN ATTA, WHO IS CHIEF GOE BOYCOTT OFFICER, REPORTED
THAT HIS GREATEST DIFFICULT IS LACK OF DIRECTIVES FROM GOE AS
TO WHAT THEY WISH HIM TO DO. AS RESULT, HE INTENDS TO PREPARE
A MEMORNADUM WHICH HE WILL FORWARD TO MINAG, MININDUSTRY AND
INVESTMENTS AUTHORITY RECOMMENDING APPROACH TO BE FOLLOWED. ONCE

IT IS APPROVED, SEE BELOW, HE INTENDS TO SEND INDIVIDUAL LETTER TO EACH MEMBERS STATE REQUESTING LIFTING OF BOYCOTT AND EXPLAINING RATIONALE ON BASIS COKE SUBMISSION. ATTA REPORTEDLY EXPECTS SUPPORT FROM THOSE FIVE ARAB COUNTRIES IN WHICH COKE IS NOW OPERATING (MOROCCO, MAURITANIA, ALGERIA, TUNISIA AND SOMALIA) AS WELL AS FROM SAUDIS AND SYRIA. HE ALSO EXPECTS OPPOSITION FROM IRAQ, LIBYA AND KUWAIT, BUT SINCE BOYCOTT RULES CONSIDER LACK OF REPLY WITHIN SIXTY DAYS AS APPROVAL, HE FEELS A MAJORITY WILL ACQUIEISE IN REMOVAL FROM BLACKLIST. AYOUB MENTIONED THAT FACT PROJECT WILL EMPLOY 3600 PEOPLE WITH ANNUAL PAYROLL OF LE 2 MILLION IS CONSIDERED MAJOR POINT BY AMIN.

4. AMBASSADOR INFORMED AYOUB THAT ON BASIS HIS MOST RECENT CONVERSATIONS WITH FONMIN FAHMY, LATTER FEELS THAT THERE ARE NO LONGER MAJOR PROBLEMS WITH COKE PROPOSAL OTHER THAN HIS IRRITATION OVER FACT THAT COMPANY HAD BEEN IN TOUCH WITH BOYCOTT OFFICE DESPITE ADVICE TO KEEP DISTANCE. AYOUB STATED THAT APPROACH TO BOYCOTT OFFICIALS HAD BEEN MADE AT SUGGESTION OF ABDEL MEGUID, OSMAN AHMED OSMAN AND AGMINSTATE HUSSEIN, WHO ALL URGED HIM TO BEGIN DISCUSSING PROBLEM WITH PEOPLE MOST CLOSELY INVOLVED WITH IT. AYOUB ADDED THAT WHILE HE REGRETS HAVING ANGERED FAHMY, HE IS PLEASED WITH RESULTS HIS MEETINGS WITH ATTA, WHO IS EVIDENTLY NOT ONLY VERY INTERESTED IN PROJECT BUT CLAIMS TO BE LOOKING FORWARD TO OPPORTUNITY TO DO BATTLE WITH BOYCOTT COMMISSIONER MAHGOUB. MAHGOUB, WHO HAS CONSISTENTLY RESISTED EFFORTS BY FAHMY AND OTHERS TO CONTROL HIS ACTIONS, IS REPORTEDLY ON HIS WAY OUT. AYOUB HAS LEARNED IN CONFIDENCE THAT AN UNNAMED EGYPTIAN DIPLOMAT CURRENTLY ON ASSIGNMENT IN ITALY HAS BEEN TAGGED AS HIS POTENTIAL FUTURE REPLACEMENT.

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5. AMBASSADOR NOTED THAT FAHMY IS DUE BACK FROM ALEX ON 19TH AT WHICH TIME AN APPOINTMENT WILL BE SOUGHT AT WHICH DEVELOPMENTS CAN BE REPORTED. THIS WILL BE OF PARTICULAR SIGNIFICANCE SINCE MEMORANDUM PREPARED BY ATTA WILL EVENTUALLY FIND ITS WAY TO MFA FOR APPROPRIATE GUIDANCE. FAHMY SHOULD THEREFORE BE PREPARED TO PROVIDE APPROPRIATE GUIDANCE. AT SAME TIME, AMBASSADOR WILL EXPLAIN TO FAHMY EVIDENT CONFUSION ON SIZE OF COKE PROJECT. IN MEETING WITH COKE PRESIDENT AUSTIN EARLIER THIS YEAR, FAHMY EVIDENTLY UNDERSTOOD STATEMENT TO EFFECT COKE WOULD BEGIN WITH 500 ACRES TO MEAN THAT WAS ENTIRE SIZE OF PROJECT. IN REALITY COKE WILL DEVELOP 15,000 ACRES, BUT WILL DO IT IN STAGES OF WHICH FIRST IS ONLY 500. WE ANTICIPATE THIS WILL HELP REMOVE CONFUSION AS TO SIZE OF CITRUS AREA COKE WILL DEVELOP THAT HAS EXISTED SINCE THAT MEETING.

6. COMMENT. PROBLEMS WITH WHO IS DOING WHAT RE BOYCOTT APPEAR TO BE FURTHER ILLUSTRATION OF LACK OF COORDINATION WITHIN GOE. FAHMY MAY BE SOMEWHAT MIFFED AT NO LONGER PLAYING

PRIMARY ROLE, BUT MAY BE ALSO SOMEWHAT RELIEVED NOW THAT BURDEN
HAS BEEN ASSUMED BY OTHERS. AYOUB APPEARS FAIRLY OPTIMISTIC
OVER PROSPECTS FOR PROJECT, ALTHOUGH SOMEWHAT CONCERNED OVER
WORSENING OF RELATIONSHIPS WITH FAHMY, AND HAS PROMISED TO KEEP
US INFORMED OF FURTHER DEVELOPMENTS.
EILTS

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